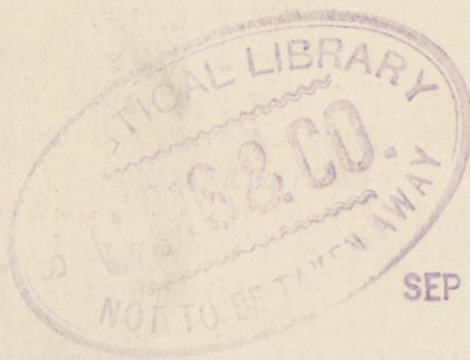


THE AMERICAN MULTIGRAPH COMPANY

PRESIDENT'S REPORT



SEP 17 Rec'd

Stockholders' Annual Meeting
August 21, 1923

OFFICERS AND DIRECTORS

1922-1923

OFFICERS

H. C. OSBORN, President and General Manager
R. G. A. PHILLIPS, 1st Vice Pres., in Charge of Production
W. C. DUNLAP, Vice President, in Charge of Sales
S. H. MANSFIELD, Secretary, in Charge of Purchases
E. F. KOENIG, Treasurer

DIRECTORS

H. C. OSBORN
R. G. A. PHILLIPS
W. C. DUNLAP
C. K. ARTER
Dustin, McKeehan, Merrick, Arter and Stewart
ALEXANDER C. BROWN
President, The Brown Hoisting Machinery Co.
A. B. MCNAIRY
Manufacturer
S. T. NASH
President, The Cleveland Provision Company
E. H. PARKHURST
Vice-President, The Columbia Axle Company
H. W. STECHER
President, The Pearl Street Savings & Trust Co.

PRESIDENT'S REPORT

STOCKHOLDERS' ANNUAL MEETING

August 21st, 1923

HG
To the Stockholders of
The American Multigraph Company:

It is my pleasure to submit the following report of your Company for the fiscal year ending June 30, 1923.

MAY 21-32
In covering the activities of the several Departments of the business, I shall quote largely from the reports of Departmental Managers. In covering the financial condition of your Company, I have taken the Treasurer's report to the Directors in its entirety, believing it covers every phase of the Company's finances in a way readily understood by the Stockholders.

In general the Company has enjoyed a year of active business, showing substantial gains in both volume and profits over previous years; the volume showing an increase of 22.5% over the preceeding year, while the net operating profits for the year shows 9.8% of sales as compared to 5.3% for the preceeding year.

The personnel of the Organization, with the exception of the Industrial Relations Department now in charge of T. H. White as Manager, is the same as at the time of my last annual report and is as follows:

H. C. OSBORN, President and General Manager
R. G. A. PHILLIPS, 1st Vice-president, in Charge of Production
W. C. DUNLAP, Vice-president, in Charge of Sales
E. F. KOENIG, Treasurer
S. H. MANSFIELD, Secretary, in Charge of Purchases
A. E. ASHBURNER, Foreign Sales Manager
TIM THRIFT, Advertising Manager
W. R. ALLEN, Chief Engineer
F. J. LYKE, Maintenance Superintendent
T. H. WHITE, Industrial Relations Manager

The morale of the entire Organization is excellent. Co-operation between different divisions of the business has been all that could be asked. The men in charge of not only the Factory Departments but the Sales Offices as well, are men of long experience in the Organization. It is interesting to know that the 19 foremen in charge of our factory departments have an average service with the Company of 12 years. Likewise the other heads of departments at the Home Office have an average service of 13 years. In the sales organization the 56 Division Managers have a record of continuous service averaging 10½ years. Sixty-six per cent of these Branch Managers have been with the Organization for over 10 years. Forty per cent of the factory workers have been in the continuous employ of the Company for over 5

years. This record is all the more remarkable when we consider that the Company has only been actively engaged in manufacturing and sales work for a period of 17 years.

The management of the Company has made an effort to interest all employees in the Securities of the Company with a result that prior to the recent increase of capital stock there were 20,620 shares out of a total outstanding 68,424 shares of common stock owned by the active officials and employees of the Company.

At the special Stockholders Meeting, held June 28, 1923, the change of Common Stock from a par to a no par basis and the increase of common capital stock was submitted to and approved by the Stockholders. The status of the Company's securities as of June 30, 1923, is:

Authorized Common Shares without par value 250,000.

Outstanding, 70,971 Shares.

Authorized 7% Cumulative Preferred Shares, \$100.00
par value, 5,000 Shares.

Outstanding, 4,938 Shares.

The Stockholders and Underwriters have since purchased 30,000 shares of the new no par Common Stock, which is reflected in the condensed consolidated general balance sheet as of June 30, 1923, at the end of the Treasurer's report, the effect of the new financing not showing in the Assets and Liabilities statement, Exhibit "A" of the report, as the payments on subscriptions for the new stock were not made until July 10, 1923.



Plant and Home Offices of The American Multigraph Company,
E. 40th St. & Kelley Ave., Cleveland, Ohio

TREASURER'S REPORT

E. F. Koenig, Treasurer

Herewith the following reports of the Company for the year ending June 30, 1923:

- A. Assets and Liabilities as of June 30, 1922-1923.
- B. Analysis of Surplus—year ending June 30, 1923.
- C. Profit and Loss Statement—June 30, 1921-1922-1923.
- D. Appraisal June 2, 1923.
- E. Assets and Liabilities June 30, 1923—Giving effect to New Financing.

Attention is respectfully called to the comments and comparisons on these reports.

EXHIBIT A—ASSETS AND LIABILITIES

The Net Assets or Net Worth of the Company as of June 30, 1923, was \$2,864,821.56 (Ex. A—Line 53). This is an increase over a year ago of \$189,905.68.

This increase is briefly summarized as follows:

Assets	Increase	Decrease
LINE 6—PLANT AND EQUIPMENT-----	\$ 48,725.49	
Dies, Tools and Jigs—58, 59, 60 Models and purchase of adjacent property and new boilers, less sale of Stereotype Equipment, disused machinery and old boilers.		
LINE 14—INVENTORIES -----		\$14,520.91
In spite of an increase in sales we have been able to keep our inven- tory from increasing and believe that we can maintain this mini- mum.		
LINE 20—RECEIVABLES -----	91,939.31	
Principally increase in Notes and Accounts Receivable less write off of C. B. & C. Mills item. The in- crease in Receivables was about \$210,000.00 compared with \$170,- 000.00 in the previous year		
LINE 28—NOMINAL ASSETS-----		42,154.78
Principally covered by the \$50,- 000.00 depreciation on Patents.		
Liabilities	Decrease	Increase
LINE 38—TOTAL DEBT-----	134,528.07	
Decrease of \$100,000.00 in the 7% Gold Notes that matured Dec. 15, 1922, and \$50,000.00 decrease in Bank Loans, less slight increases in minor items.		

LINE 44—TOTAL RESERVES-----28,611.50

Increases in Reserves for Depreciation Taxes, and Coupons outstanding, less Decrease in Reserves for Contingencies due to C. B. & C. Mills write off, less additions on account of Inventory overages in Dec. 31, 1922.

TOTALS -----	\$275,192.87	\$85,287.19
NET WORTH INCREASE-----		\$189,905.68

The following subdivision of the Net Assets continued to show the very liquid condition, with practically three-fourths of the Net Assets in Net Currents.

	June 30, 1923		June 30, 1922		June 30, 1921
Net Invested Assets---	\$ 684,290.37	23.9	\$ 548,707.47	20.5	13.0
Net Current Assets---	2,121,187.37	74.0	1,992,767.68	74.5	72.2
Net Nominal Assets---	59,343.82	2.1	133,441.73	5.0	14.8
	\$2,864,821.56	100.0	\$2,674,915.88	100.0	100.0

The following are comparisons of the various ratios:

	June 30, 1923	June 30, 1922	June 30, 1921
1. Receivables to Current Payables -----	374.2	320.1	337.9
2. Net Current Assets to all Assets -----	74.1	74.5	72.2
3. Net Assets to Gross Assets-----	62.8	59.7	61.8
4. Sales for the year to Net Worth -----	169.0	148.0	143.6
5. Cash to Current Liabilities-----	62.9	44.7	56.6
6. Book Value of Common Stock -----	33.41	28.60	30.30
7. Average Sales per month to Accounts and Notes Receivable June 30th -----	32.6	38.2	29.6
8. Average Sales per month to Inventory June 30th-----	41.3	32.1	44.7

EXHIBIT B—ANALYSIS OF SURPLUS

The operating Surplus shows an increase for the year of \$240,710.68 compared with a decrease in the previous year of \$401,551.45.

The operating profits for the year were \$473,726.21. The usual charges for Dividends, Note Interest and Discount and Patent Depreciation totaled \$233,065.53 or 49.2% leaving 50.8% of the profits carried to Surplus.

EXHIBIT C—PROFIT AND LOSS STATEMENT

The sales for the year show an increase of 22.5% over the previous year, resulting in a decrease in the cost of doing business to 57.4 from 60.4. This decrease of 3.0%, together with a decrease of 1.5% in the cost of sales, gives us a Net Operating Profit of 9.8 compared with 5.3 in the previous year.

EXHIBIT D—APPRAISAL

In connection with the recent financing we had an appraisal made of our Plant and Equipment as of June 2, 1923.

This shows a Present Value of \$1,611,569.36 or \$802,062.62 in excess of our Book Value. This is due to the greater cost of building at present as compared with cost at time of building, and our conservatism on depreciation. This latter item will be subject to adjustment when the Federal Government audits our Tax Returns from 1917 and succeeding years, when we will have to restore to Surplus excess depreciation taken in order to show income and invested capital in accordance with Treasury Department standards. This adjustment will in all probability be in the neighborhood of \$100,000.00 to \$150,000.00.

EXHIBIT E—A&L GIVING EFFECT TO NEW FINANCING

This balance sheet as of June 30, 1923, gives affect to the sale of 30,000 shares of common stock to our Stockholders and a Syndicate of Brokers composed of Schultz Bros. & Company and Wm. H. Colvin & Company. This sale was completed and cash received for the Stock and at this writing a sum has been deposited with the Union Trust Company for the retirement of the Gold Notes, and pending future requirements \$250,000 has been invested in U. S. Treasury Certificates.

GENERAL

On December 31, 1922, and during June, 1923, \$132,900.00 of the Preferred Stock of the Company was retired. The usual amount was retired during December, 1922, as per agreement under which it was sold, and during June, 1923, additional Stock was obtained from large holders in order to bring the outstanding preferred down to \$500,000.00, the amount decided upon for the reorganization. On July 1, 1923, there was called and redeemed \$18,100.00. This redemption was made from working funds, the amount set aside in a savings account of \$29,091.70 being left intact for future retirements.

On December 15, 1922, \$100,000.00 of the 7% Gold Notes were redeemed. The balance of \$300,000.00 will be retired on December 15, 1923, as per our agreement in connection with the sale of additional common stock.

During the year we reduced our Bank Loans from \$200,000.00 to \$150,000.00. This latter amount is now outstanding in the form of commercial paper, coming due in October at which time we expect to take up same.

Collections in the past year average \$352,722.33 per month, as compared with \$286,624.10 in the previous year.

EXHIBIT "A"—ASSETS AND LIABILITIES

ASSETS		June 30, 1923	June 30, 1922	Increase	Decrease
1	Real Estate and Buildings	\$ 463,465.35	\$ 430,965.35	\$ 32,500.00	\$ 30,208.46
2	Machinery and Equipment	356,325.97	386,534.43		
3	Tools, Dies and Jigs	365,333.33	329,609.23	35,724.10	4,374.29
4	Drawings and Patterns	29,306.57	33,680.86		
5	Furniture and Fixtures	240,451.76	225,367.62	15,084.14	
PLANT AND EQUIPMENT		\$1,454,882.98	\$1,406,157.49	\$ 48,725.49	
6	Raw Materials	\$ 139,526.82	\$ 141,588.00		\$ 2,061.18
9	Work in Process	53,414.16	64,077.37		10,663.21
10	Finished Stock	299,100.53	250,049.97	\$ 49,050.56	
11	Consigned, etc.	24,200.86	22,972.08	1,228.78	
12	Branch Inventories	530,216.47	582,292.33		52,075.86
TOTAL INVENTORIES		\$1,046,458.84	\$1,060,979.75		\$ 14,520.91
14	Cash on Hand and Deposit	\$ 267,744.42	\$ 209,369.15	\$ 58,355.27	
15	Cash Investments	23.12	31,082.00		\$ 31,058.88
16	Accts. Rec.—Customers	553,156.57	526,125.17	27,031.40	
17	Notes Rec.—Customers	771,333.98	733,722.46	37,611.52	
TOTAL RECEIVABLES		\$1,592,258.09	\$1,500,318.78	\$ 91,939.31	
20	Personal Accounts	\$ 6,753.28	\$ 5,112.88	\$ 1,640.40	
21	Deferred Charges	27,784.84	20,552.52	7,232.32	
22	Stock and Bond Red. Acct.	97,123.74	89,168.69	7,955.05	
23	Exchange	—9,812.09	4,160.13		\$ 13,972.22
24	Stationery and Supplies	28,993.08	24,196.18	4,796.90	
25	Development	308,179.51	365,828.18		57,648.67
26	Other Assets	10,647.29	2,805.85	7,841.44	
TOTAL NOMINAL		\$ 469,669.65	\$ 511,824.43		\$ 42,154.78
28	TOTAL ASSETS	\$4,563,269.56	\$4,479,280.45	\$ 83,989.11	
LIABILITIES:					
30	Notes and Accept. Payable	\$ 150,000.00	\$ 200,000.00		\$ 50,000.00
31	Accounts Payable	139,225.19	143,226.11		4,000.92
32	Accrued Cost Payable	122,040.75	119,678.71	\$ 2,362.04	
33	Accrued Dividends	8,641.50		8,641.50	
34	Miscellaneous Payables	5,545.98	5,627.03		81.05

EXHIBIT "A"—Assets and Liabilities—Continued

35	CURRENT LIABILITIES	\$ 425,453.42	\$ 468,531.85	\$ 43,078.43
36	7% Gold Notes	\$ 300,000.00	\$ 400,000.00	\$ 100,000.00
37	Stock Subsc. Accounts Rec.	9,428.06	877.70	\$ 8,550.36
38	TOTAL DEBT	\$ 734,881.48	\$ 869,409.55	\$ 134,528.07
39	Reserve—Depn. Plant and Equip.	\$ 570,592.61	\$ 557,450.02	\$ 13,142.59
40	Reserve—Contingencies	132,140.67	189,631.17	\$ 57,490.50
41	Reserve—Taxes	48,087.13	48,087.13	48,087.13
42	Reserve—Fire Loss	32,070.90	26,075.42	5,995.48
43	Reserve—Coupon Redemption	180,675.21	161,796.41	18,876.80
44	TOTAL RESERVES	\$ 963,566.52	\$ 934,955.02	\$ 28,611.50
49	Surplus	\$ 951,601.56	\$ 709,255.88	\$ 242,345.68
50	Common Stock	1,419,420.00	1,338,960.00	80,460.00
51	Preferred Stock	493,800.00	626,700.00	\$ 132,800.00
53	NET WORTH	\$ 2,864,821.56	\$ 2,674,915.88	\$ 189,905.68
54	TOTAL LIABILITIES	\$ 4,563,269.56	\$ 4,479,280.45	\$ 83,989.11

EXHIBIT "C"—PROFIT AND LOSS STATEMENTS

	Year Ending June 30, 1923	Year Ending June 30, 1922	Year Ending June 30, 1921
Domestic Sales	\$ 4,257,766	\$ 3,453,791	\$ 3,472,450
Export Sales	593,136	505,964	947,150
Total Sales	\$ 4,850,902	\$ 3,959,755	\$ 4,419,600
Less Manufacturing Cost	\$ 1,591,296	1,356,568	1,546,911
Gross Profit	\$ 3,259,606	\$ 2,603,187	\$ 2,872,689
EXPENSE:			
Manufacturing Administration	\$ 351,611	\$ 320,174	\$ 376,691
H. O. Domestic Sales Expense	423,898	330,332	499,909
Domestic Field Sales Expense	1,705,704	1,457,656	1,390,784
Export Sales Expense	304,667	283,861	398,635
Total Expense	\$ 2,785,880	\$ 2,392,023	\$ 2,666,019
Net Operating Profit	\$ 473,726	\$ 211,164	\$ 206,670
	9.8	60.4	60.3
		5.3	4.7

EXHIBIT "B"

ANALYSIS OF SURPLUS FOR YEAR ENDING JUNE 30, 1923

Balance July 1, 1922-----	\$ 674,515.88
Operating Profits for the Year-----	473,726.21

\$1,148,242.09

LESS:

Common Dividend -----	\$107,117.58
Preferred Dividend -----	41,564.62
7% Gold Note Interest-----	24,206.36
Patent Depreciation -----	50,000.00
1922-1923 Proportion of Note Dis-	
count -----	<u>10,124.97</u>

\$233,015.53

SURPLUS JUNE 30, 1923-----\$915,226.56

CAPITAL SURPLUS

Balance July 1, 1922-----	\$34,740.00
Less Premiums on Cancelled Stock Sales-----	<u>1,635.00</u>

CAPITAL SURPLUS JUNE 30, 1923-----	\$36,375.00
TOTAL SURPLUS JUNE 30, 1923-----	<u>\$951,601.56</u>

EXHIBIT "D"

APPRAISAL BY

MANUFACTURERS APPRAISAL COMPANY AS OF JUNE 2, 1923

	New Productive Cost	Present Value
Land -----	\$ 90,130.00	\$ 90,130.00
Building Items -----	603,993.64	533,641.28
Equipment -----	<u>1,312,000.93</u>	<u>987,798.08</u>
	<u>\$2,006,124.57</u>	<u>\$1,611,569.36</u>



Employees of The American Multigraph Company

The above are carried in the Books of the Company as follows:

Real Estate and Buildings	\$ 463,465.35
Machinery and Equipment	356,325.97
Tools, Dies and Jigs	365,333.33
Drawings and Patterns	29,306.57
Furniture and Fixtures	92,202.03

	\$1,306,633.25
Less Depreciation	497,126.51

Book Value	\$ 809,506.74
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NOTE: The above figures do not include Furniture and Fixtures in our Field Sales Offices. As of June 30, 1923, these were as follows:

Furniture and Fixtures	\$148,249.73
Depreciation	73,466.10

Book Value	\$ 74,783.63
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EXHIBIT "E"

ASSETS AND LIABILITIES

After giving effect to new financing

JUNE 30, 1923

ASSETS

Real Estate and Buildings	\$ 463,465.35
Machinery and Equipment	356,325.97
Tools, Dies and Jigs	365,333.33
Drawings and Patterns	29,306.57
Furniture and Fixtures	240,451.76

TOTAL PLANT AND EQUIPMENT	\$1,454,882.98
Raw Materials	\$ 139,526.82



A Happy Industrial Family

Work in Process	53,414.16
Finished Stock	299,100.53
Consigned, etc.	24,200.86
Branch Inventories	530,216.47
TOTAL INVENTORIES	\$1,046,458.84
Cash on Hand and Deposit	\$ 622,776.46
Cash Investments	23.12
Accts. Rec.—Customers	553,156.57
Notes Rec.—Customers	771,333.98
TOTAL RECEIVABLES	\$1,947,290.13
Personal Accts.	\$ 6,753.28
Deferred Charges	40,784.84
Stock and Bond Red. Acct.	29,091.70
Exchange	—9,812.09
Stationery and Supplies	28,993.08
Development	308,179.51
Other Assets	10,647.29
TOTAL NOMINAL	\$ 414,637.61
TOTAL ASSETS	\$4,863,269.56

LIABILITIES

Notes and Acceptances Payable	\$ 150,000.00
Accounts Payable	139,225.19
Accrued Cost Payable	122,040.75
Accrued Dividends	8,641.50
Misc. Payables	5,545.98
CURRENT LIABILITIES	\$ 425,453.42
7% Gold Notes	—
Stock Subscr. Accts. Rec.	\$ 9,428.06
TOTAL DEBT	\$ 434,881.48
Reserve—Depreciation Plant and Equipment	\$ 570,592.61
Reserve—Contingencies	132,140.67
Reserve—Taxes	48,087.13
Reserve—Fire Loss	32,070.90
Reserve—Coupon Redemption	180,675.21
TOTAL RESERVES	\$ 963,566.52
Surplus	\$ 886,656.56
Common Stock	2,084,365.00
Preferred Stock	493,800.00
NET WORTH	\$3,464,821.56
TOTAL LIABILITIES	\$4,863,269.56

PRODUCTION DEPARTMENT

R. G. A. Phillips in Charge

The report of the Production Department for the year just closed, reflects credit, not only to the heads of the three subdivisions of this department, namely, the Production Control Department, the Manufacturing Department and the Inspection Department, but to every foreman and operator, all of whom have co-operated in establishing new production records.

During the year 278,000 hours were put into production as compared with 292,000 hours the previous year, making a total decrease of 14,000 hours of production.

The average number of employees, both productive and non-productive, employed per month during the year was 279 as against 224 the preceeding year, making an increase of 55.

In actual production count, the number of units of machines and attachments produced in this fiscal year was 30,594 compared with 16,797 during the preceeding year, an increase of 13,797 units, or an increase of 82% in quantity production. This reduced to terms of unit production per employee shows a production of 109.6 units per man as against 72.7 units the previous year.

The utmost care has been exercised in preventing any undue inflation in inventory, the result being that notwithstanding a decided increase in sales and the establishment of new branch offices, the total inventory has been maintained below the average of the previous year.

A brief summary of improvements follows:

- (1). Production Control Department—F. J. Kunze, Manager.
 - (a). Improved methods of inventory and recording.
 - (b). Perpetual inventory checking system.
 - (c). Improved time study methods.
 - (d). Central counting department, which has reduced re-handling of parts.
- (2). Manufacturing Department—E. Brunst, Superintendent.

In the manufacturing of all parts we have installed an instruction card system as a time-saver for both the workman and the foreman. This is done through tool-cribs established on the various floors.

This card shows all information as to how tools are to be placed on the machine, together with the speeds and feeds necessary for best results, together with complete information as to gauging and time allowance.

- (3). Inspection Department—Chas. E. Haas, Chief Inspector.
 - (a). Making gauging of operations automatic.
 - (b). Improved methods of handling work and elimination of superfluous operations.

- (c). Recommended changes in drawings and patterns so as to increase tolerance where possible and reduce time of machining.

By careful planning it has been possible to satisfy the requirements of the sales organization during the past year with practically no delay so that on standard models the field has been in a position to make immediate deliveries on all orders.

MAINTENANCE DEPARTMENT

F. J. Lyke, Superintendent

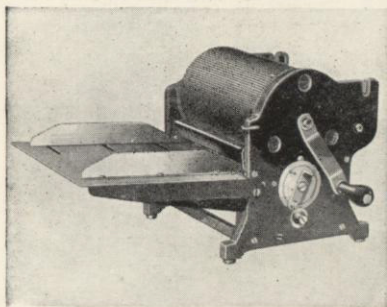
During the past year maintenance work has increased due to many necessary changes and to the increasing age of the plant.

For instance, the total cost, as shown by the Cost Department statements for the fiscal year ending June 30, 1923, was \$104,986.74 distributed over the various maintenance sections as follows:

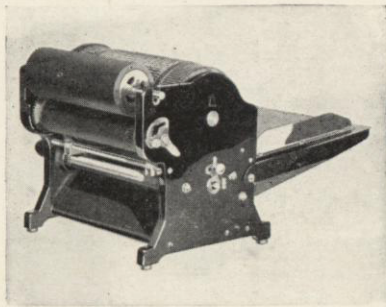
Building service -----	\$23,639.76
Power Plant -----	14,530.72
Electrical -----	8,803.43
Plant -----	24,531.53
General Expense -----	33,471.30

Included in the Maintenance Department are the following: porters, watchmen, elevator operators, janitors, water rent, engineer, firemen, handling rubbish, fuel, boiler insurance, electricians, millwrights, building repairs, pipe repairs, plumbing, supervision, building depreciation, real estate tax, fire insurance and fire alarm service.

The aim of this department has been and will continue to be maximum maintenance service at the lowest possible cost. Heating operating expense has been high in the past but we are convinced that the approaching cold weather will find us better equipped than ever before because of the installation of new boilers of the oil-burning type coupled with the vacuum return system on our heating lines, replacing the gravity return used heretofore at an excessive operating cost. The cost of installation of this entire system will be more than paid for within a period of three years and the heating efficiency will be greatly increased. Operating expense of the new system is considerably less than that of the old.



The NEW Multigraph, a Small Model for Form Typewriting



The NEW Multigraph Equipped with Inking Attachment for Office Printing

ENGINEERING DEPARTMENT

W. R. Allen, Chief Engineer

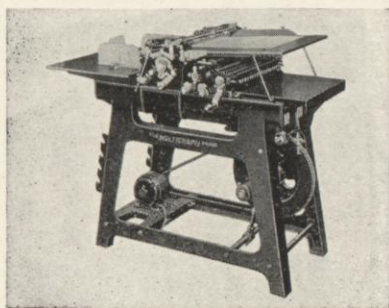
This department is in active co-operation at all times with the Production Department with the view of reducing costs through improved tools, dies and fixtures.

Foremost among the new products being developed in this department are the Multigraph Press, a printing machine of the standard flat bed principle, and the Multigraph Keyboard Type Composing Machine, the product of which may be used on the Multigraph in lieu of individual type and also on address plates. Both of these machines are illustrated in this report.

The Multigraph Folder Junior, a new folding machine of simple design and low price has been developed in this department and added to the line during the last few months. It is a companion machine for the Multigraph Junior, selling at \$100.00. It has been received by the public with enthusiasm and the Plant has not as yet been able to supply the demand. However, at this date approximately five hundred (500) machines have been produced and sold.

This department is further actively engaged at all times in improving our standard model machines as demanded and opportunity presents itself.

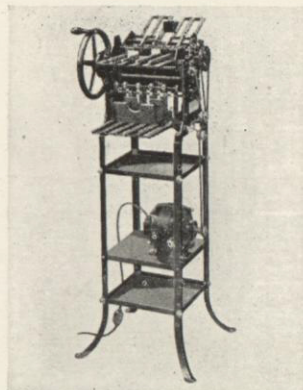
The Invention Department is an important branch of the engineering work and is in charge of Mr. H. C. Gammeter on Multigraph and Folding machines and Mr. Clifton Chisholm on Embossing and Addressing machines experiments.



The Multigraph Press, for More Advanced Printing Requirements



The Multigraph Keyboard Type Composing Machine, for Rapid Type Composition



The Multigraph Folder Junior, a Small Paper Folder for Office Use

PURCHASING DEPARTMENT

S. H. Mansfield in Charge

The purchases for the year ending June 30, 1923, showed an increase over the previous year of approximately 50% in monetary value and 30% in number of orders placed and are now running about normal. The increase was nearly equally divided between the first half and the last half of the year and has, therefore, not necessitated an increase in the force.

During the past year this department has been working closely with the Production Control Department endeavoring to keep them posted in the matter of time required to secure materials. This has enabled us not only to properly anticipate our requirements but has avoided the delivery of materials too far in advance of actual needs. By co-operating with the Production and Engineering Departments accurate specifications have been drawn for many items which will assist greatly in the securing of material suitable for our requirements.

Additional sources of supply are being investigated from time to time, the routine work of the department is in good condition and in position to take care of the continued growth in the business.

SALES DEPARTMENT

W. C. Dunlap in Charge

The Sales Department, which includes Domestic Sales, Foreign Sales, Sales Promotion, Sales Research, Supply Department, Rebuilt Division and Advertising Department, has been under the direction of W. C. Dunlap, Vice-president, in Charge of Sales, from whose report I quote as follows:

The fiscal year ending July 1, 1923, has been one of substantial increase; in fact, establishes a new high all-time sales record for the Company.

COMPARISON OF SALES BY FISCAL YEARS

	1922-23	1922-21	Percentage of Increase
United States --	\$4,093,588	\$3,297,155	24.1
Canada -----	159,401	156,636	1.8
Foreign -----	597,913	505,964	18.2
	<u>\$4,850,902</u>	<u>\$3,959,755</u>	<u>22.5</u>



Division Managers and Members of the Hundred Point Club of the Sales Organization at Annual Convention

Total Multigraph sales (not including munitions) from 1905 to July 1, 1923, equal \$33,263,334.94.

The present sales personnel was appointed July 1, 1918.

Sales from July 1, 1918, to July 1, 1923, equal \$19,522,781.43,

which is 60% percentage of total to date.

We are planning to cover the domestic field more closely, which is reflected in the following figures:

FIELD SALES ORGANIZATION IN U. S. AND CANADA

	June, 1923	June, 1922
Managers -----	95	63
Senior Salesmen -----	164	152
Junior Salesmen -----	125	96
Servicemen and Repairmen -----	103	84
Accountants, Clerks and Stenographers -----	119	138
Others -----	51	26
	657	559

REBUILT DIVISION

R. H. Jarrett, Manager

The Rebuilt Division, with headquarters in Chicago, is successfully handling our used-machine proposition at a good profit and, at the same time, aiding in many ways the sale of new equipment.

Any owner of a used Multigraph who wishes to dispose of it can secure a real service through this Division. We will take his used Multigraph as partial payment on a new machine or we will buy it outright at what we think it is worth; or, if neither of these plans are agreeable to the owner, we will endeavor to sell his property at his price on a commission basis.

The sale of used Multigraphs by outsiders, having no interest in the welfare of the buyer, has been reduced to a minimum—the largest second-hand dealer having discontinued handling Multigraphs during the past year.

This division showed a 19½% increase in sales and a 6% increase in profits over last year.

ADVERTISING DEPARTMENT

Tim Thrift, Advertising Manager

Our advertising for the fiscal year of 1922-23 has continued to feature the new \$150 Multigraph which was introduced in Janu-



The Company Conducts Extensive Direct-Mail Campaigns,
Printing Most of This Advertising on the Multigraph

ary, 1922. This has enabled us to maintain a good volume of inquiries for salesmen to work on.

National advertising—for the most part, page space—has appeared monthly in the following publications:

Saturday Evening Post,
Literary Digest,
System,
Business,
Office Appliances,
Mailbag,
Ford Dealers' News.

In the Fall of 1922 direct-mail campaigns, with the various advertising features printed on the Multigraph, were sent to General Stores, Grocers, Druggists, Hardware Stores, Banks and special lists of salesmen's prospects. Approximately 270,000 pieces were mailed.

In the Spring of 1923 a special direct-mail campaign of definite facts regarding Multigraph accomplishment was put on. The United States and Canada were divided into seven districts and specific direct-mail features prepared for each district. This campaign is still running and a total of more than 300,000 pieces will be mailed before it is finished.

Our advertising during this period has featured the idea of "Sell with the Multigraph."

The total sales in which advertising assisted from July, 1922, to April, 1923, inclusive—a period of ten months (the figures for May and June are not available)—were \$1,023,272.06 or 22.9% of the gross sales of the Company for that period. This is an increase over the same period in 1921-22 of \$244,829.60 and an increase in percentage of the gross sales of .9%. Our total advertising expenditure for the ten months was \$206,534.50, which was 4.6% of the gross sales for that period. This is a decrease of .3% over last year.

FOREIGN DEPARTMENT

A. E. Ashburner, Foreign Sales Manager

Reviewing the work of the Foreign Department of the Company during the fiscal year 1922-23, it is interesting to note that despite the generally unfavorable economic conditions that have existed all over the world during this period, particularly the demoralization of trade in Continental Europe brought about by the French occupation of the Ruhr Valley, the Foreign business of the Company shows an increase for the fiscal year of 18.2% over the previous fiscal year.

The first indication of an upward trend in our foreign sales was visible in the summer of 1922. Since that time there has been a steady increase in our volume of business. This increase is augmenting so that the first six months of 1923 show an increase of 46.6% (total foreign business) over the first six months of 1922.

BRITISH ISLES

The business of our agents—The International Multigraph Company (Britain) Ltd., shows a healthy increase of 26.4% for the fiscal year 1922-23. The head office of our agents is located in London and branches are established in Manchester, Liverpool, Leeds, Birmingham and Glasgow (Scotland), with an agency in Leicester. During the past year they have opened up two new offices—at Belfast, Ireland, and Cardiff, Wales; also a new agency in Edinburgh, Scotland.

FRANCE

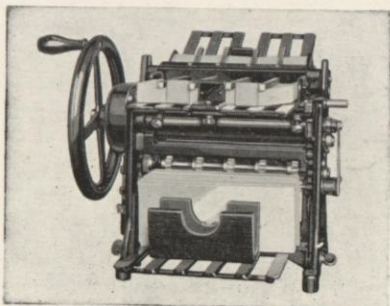
Even with the very adverse conditions that exist in France, brought about by the invasion of the Ruhr and the consequent decline of the franc, our organization in France, The International Multigraph Company, shows an increase of 19.6% for the fiscal year 1922-23 over the preceeding fiscal year.

The main office is in Paris and agencies are established in Lyons, Marseilles, Bordeaux, Lille, Beziers and Strasbourg. There has been a marked improvement in the volume and quality of our sales during the first six months of 1923 and indications point to a substantial increase.

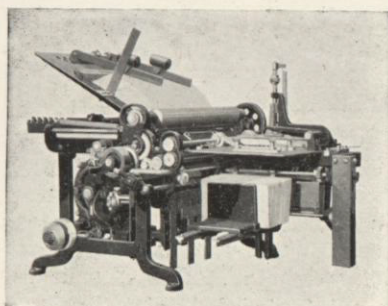
AGENCY BUSINESS

The territories other than the British Isles and France are handled by agents of The American Multigraph Sales Company and The International Multigraph Company. These now number thirty-one and they control thirty-eight countries, which constitute practically all countries of the world where business may now be done on a sound basis. With the liquidation of surplus stocks purchased during the boom years of 1920-21, orders are coming in to us in increased quantities.

Our agency business shows a total increase of 90.4% for the fiscal year 1922-23 which is apportioned to increased business in Latin America of 28.5% and 123.6% in Continental Europe, Oceania, Asia and Africa. Successful efforts have been made to establish agents in territories where we have not formerly been represented and improvements have been made by changes in our agency representation by weeding out inefficient distributors and replacing them with better agents.



The Multigraph Folder Junior Without Stand or Power Drive



The Universal Folding Machine, for Larger Folding Requirements

INDUSTRIAL RELATIONS DEPARTMENT

T. H. White, Manager

The Industrial Relations Department interested itself during the past year in the following Company activities:

Congress and Representatives,
Employment,
Education,
Dispensary,
Cafeteria,
"Center Punch",
General Service.

CONGRESS AND REPRESENTATIVES:

These bodies, functioning under our Employee Representation Plan, did constructive work during the year. Their personnel is of a higher type than ever before. The following Congressional committees have been of considerable aid to the management through their splendid co-operation:

Production Standards,
Engineering Co-operative,
Maintenance,
Wages and Rates,
Sales,
Recreation and Entertainment,
Rules and Elections,
Advisory.

The Representatives are taking more interest in their various activities because of the definite duties recently outlined for them by Congress.

The very fine spirit manifest throughout the plant is due, in great measure, to the work of our Congress. There is a real fraternal feeling that maintains a high standard of morale. The Sales Organization, too, has not been overlooked in our Industrial Relations. The Sales Committee of Congress has been in constant touch with the Field and has made it a real part of the Multi-graph Family.

EMPLOYMENT:

This department strives to obtain the best grade of help; to arrange for promotions in both factory and office; to maintain a complete record system of all employees, and to compile intelligent employment, sales personnel, attendance, tardiness, Dispensary, Cafeteria and miscellaneous reports.

EDUCATION:

During the year we have had a Foremanship Training Class in session under the supervision of the Cleveland Board of Education, which has proven of great benefit to our men in their work. Economics has been taught through the chart system and through Congressional committees and other methods of personal contact.

A fortnightly distribution of magazines and books of all types has been made, with the general approval of employees.

DISPENSARY:

As in the past, the Dispensary has been a valuable aid, not only in safety work but also in first-aid work and the treatment of chronic cases. In addition to this a considerable saving has been effected for employees by referring them to hospitals, clinics, physicians, etc., where they have had more reasonable charges than otherwise.

CAFETERIA:

The Cafeteria is operated on a cost basis, serving the best grade of food. Number of people served during fiscal year 1922-23—47,146.

"CENTER PUNCH":

This house organ of the factory organization has been enlarged in size. It prints items of interest to the entire plant. Employees are encouraged to contribute. We regard this as an important factor in enabling workers to know one another better.

GENERAL SERVICE:

Under this head should be included Group Insurance (which is appreciated by employees more and more as time goes on and they become educated to its benefits); Home Building and Home Buying; Investments; Vacation and Christmas Savings; Personal Aid (in time of misfortune); Legal Aid, and many other minor services too numerous to mention.

CONCLUSION

The recent addition to our financial resources will enable us to retire all outstanding indebtedness, leaving ample working funds for our needs as now apparent, and with adequate manufacturing facilities, efficient sales organization and personnel thoroughly versed in the business, I feel justified in predicting a continual healthy growth for your Company.

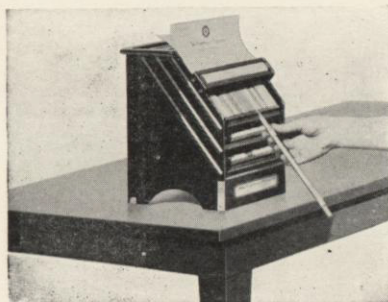
It has always been our policy to deal with our stockholders, employees and customers in an open, frank manner and prompted by that I have tried to set forth in this report every detail which might prove of interest to those with whom we have business relations.

Respectfully submitted,

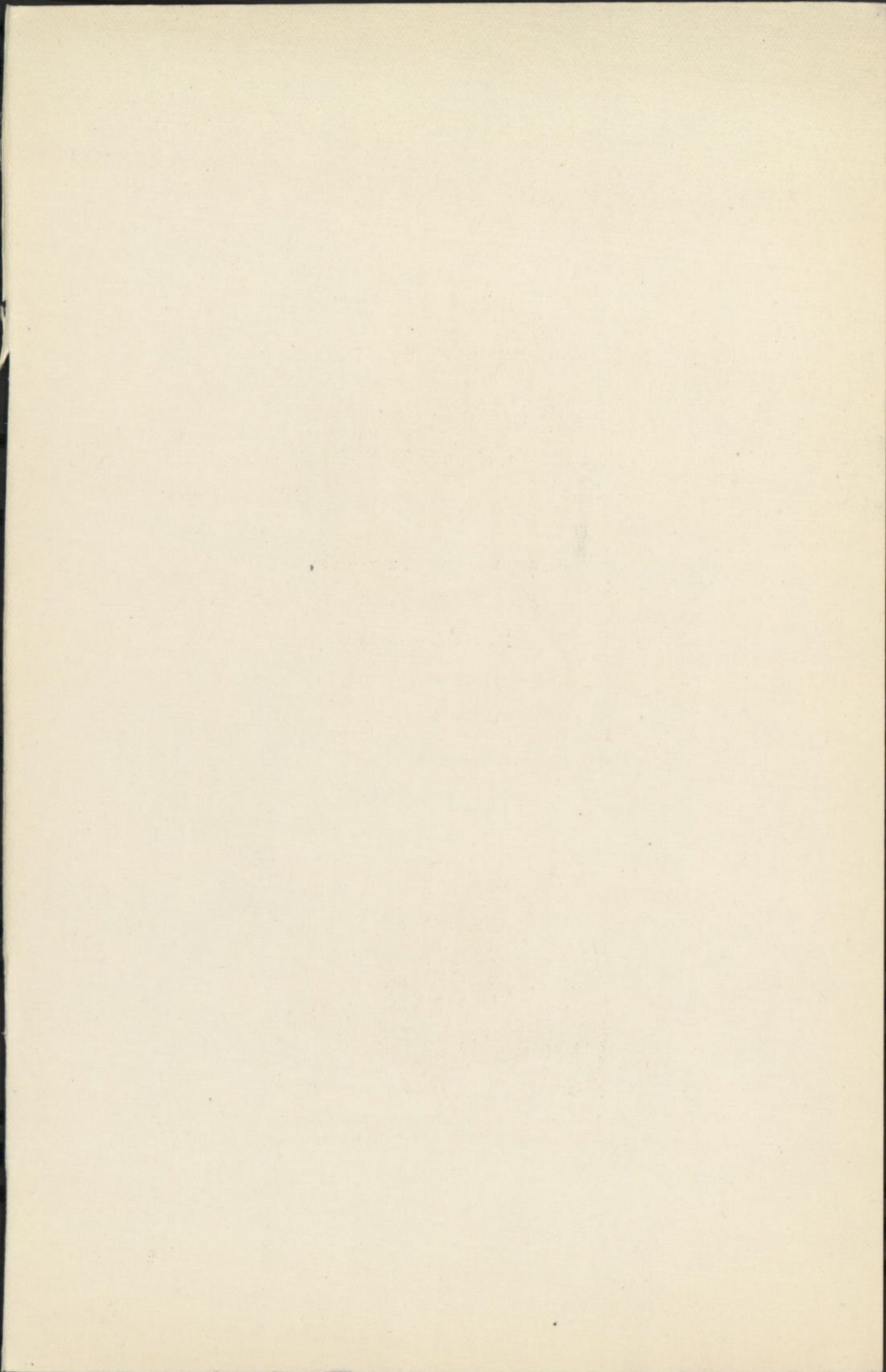
H. C. OSBORN,
President.



The Multigraph Senior, Equipped for Office
Printing and Form Typewriting



The Multigraph Typesetter, the Type
Composing Unit of the Multigraph



**Printed on the
MULTIGRAPH PRESS
in the U. S. A.**